



Roy Cooper North Carolina Attorney General

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AG Cooper wins reforms, refunds from Peak Fitness

Health club chain will improve customer service and membership contracts, resolve refund requests for Asheville, Knightdale and Wilmington locations

Raleigh: Peak Fitness will make major changes to benefit members of its health clubs thanks to a comprehensive agreement announced today by Attorney General Roy Cooper.

"Many people are making New Year's resolutions to lose weight or get in shape by joining a gym," Cooper said. "We want to make sure that people get what they pay for and that health clubs treat their members fairly."

Under a consent judgment approved today by Wake County Superior Court Judge Howard Manning and negotiated by Cooper's office, Peak Fitness and its owners will make substantial changes to customer service, contracts and billing practices at all 28 of its health clubs across North Carolina. Peak Fitness will also pay the Attorney General's Office \$30,000 for consumer education and investigative costs.

Cooper's office has received around 300 complaints about Peak Fitness over the past five years.

The judgment announced today requires Peak Fitness to:

- Designate a single point of contact to handle all consumer complaints, concerns and questions and post contact information clearly in all Peak Fitness clubs, on all Peak Fitness web sites, and on all customers' contracts.
- Clearly post contact information for Peak's billing company, ABC Financial, in all Peak Fitness clubs, on all Peak Fitness web sites, and on all customers' contracts, and provide a working fax machine in all Peak Fitness clubs for cancellations and correspondence with Peak Fitness.
- Purchase and maintain appropriate bonds for each health club it operates in North Carolina. Bonds can be used to pay refunds to members if the club shuts down.
- Not sell memberships to any club more than 180 days before it will open.
- Notify the Attorney General's Office before entering membership contracts for clubs that have yet to open, purchase a bond of at least \$10,000 for the club, and give consumers written notice of their extended three-day right to cancel their contracts.
- Give advance notice to gym members and the Attorney General's Office when a health club will be closed or when members will be transferred to another location.

- Provide pro-rated refunds to any customer who purchases or renews a membership to a club that then closes within 90 days.
- Make sure all membership contracts are fully completed and signed, include a specific time period for the membership measured in years or parts of a year, contain a full statement of consumers' right to cancel the contract within three days of signing it, and contain a full statement of their right to refunds.
- Clearly explain that automatic renewal of memberships is optional.
- Pay pro-rated refunds when members move more than eight miles from the club or more than 30 miles from any Peak Fitness location or are no longer able to use the facilities because of death or disability.
- Honor lifetime contracts purchased prior to 1980 at health clubs now owned by Peak Fitness. Consumers who allowed their lifetime contract to lapse or otherwise entered a replacement contract with Peak in 2008 have 60 days to contact Peak to get their lifetime contract reinstated.

The consent judgment also bars Peak Fitness from making any false or misleading statement to consumers. Peak may not tell members that they can cancel their contracts at any time, that a club will not close, or that a new club will open unless it is true.

Some customers of Peak Fitness clubs in Asheville, Knightdale and Wilmington may also be eligible for refunds. Members of the now-closed Peak Fitness Asheville who requested a refund but didn't get a refund can apply to get their money back. Members of the Peak Fitness Wilmington location who were transferred to Gold's Gym and requested a refund but didn't get one have 30 days to request that their contract be cancelled and apply for a refund. People who purchased memberships at Peak Fitness Knightdale before the club opened and didn't get a refund as requested can also apply to get their money back.

Wilmington consumers who believe they are eligible for a refund under these circumstances should contact Cooper's Consumer Protection Division at 1-877-5-NO-SCAM toll-free within North Carolina or fill out a complaint form at www.ncdoj.gov. Asheville and Knightdale consumers who believe they are eligible for a refund under these circumstances can contact Peak Fitness by email at www.peakfitnessclubs.com and by fax at (704) 896-5741, or contact the Attorney General's Office. Peak Fitness must provide proof to Cooper's office of all refunds paid to members.

"Over the past few years, we've been able to recover more than one million dollars for hundreds of North Carolinians who were members of health clubs, gyms or dating clubs that shut their doors," Cooper said. "If your health club closes down unexpectedly, let us know about it."

In a separate case, Cooper recently won refunds for members of a Rocky Mount health club that closed its doors in September. Fitness Express for Women Only has paid \$10,000 which will be used to repay all gym members for the time left on their contracts after the club closed. Cooper's office won an additional \$1,400 in consumer refunds from ASF, a third-party billing company that withdrew monthly fees from members' accounts after Fitness Express shut down.

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